



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: February 23, 2014

To: Intergovernmental (IGR) Committee Chair Elizabeth Glidden and Vice Chair Alondra Cano

Prepared by: Gene Ranieri, Director, Intergovernmental Relations Dept. and Thomas Streit, Community Planning and Economic Development (CPED) Housing Policy and Development

Approved by: _____

Presenters in Committee: Gene Ranieri and CPED Housing Staff

Subject: Minneapolis Federal Agenda.

Recommendation: Amend the agenda's policy section by adding on page 22 after Foreclosure Prevention: Principal Reduction for Fannie Mae and Freddie Mac Mortgages insert the following section.

Federal Role in Affordable and Workforce Housing.

The City of Minneapolis encourages the federal government to maintain and increase current funding levels as well as maintaining and possibly expanding tax expenditures to support affordable and workforce housing. Federal funding and tax expenditures play a critical role in aiding states and local governments in their efforts to maintain and increase affordable and workforce housing. Providing households access to affordable rental and owner occupied housing is an important part of the economic vitality of the state and nation.

The City of Minneapolis recommends that Congress:

- preserve and increase funding for the Community Development Block Grant Program and the federal HOME program, which are catalysts for creating more affordable housing;
- provide resources to sustain and modify existing public housing units to meet aging populations;
- maintain and increase resources for rental assistance programs;
- direct the Federal Housing Finance Agency to provide funding to the National Housing Trust Fund and Capital Magnet Fund for low income rental housing from revenue generated by the federal housing finance enterprises (FANNIA MAE and FREDDIE MAC) as required by provisions of the Housing and Economic Recovery Act (HERA);
- ensure that home ownership is available and affordable to all eligible households;

- maintain and enhance federal tax code provisions related to low income housing tax credits, and tax exempt bonds; and
- consider such tax changes as converting the mortgage interest tax deduction, in whole or in part, to a tax credit, or reducing the maximum home mortgage deduction so that any savings can assist first time and moderate income households in affording a home and for providing funding for affordable rental housing programs.

Previous Directives: the City has adopted as part of the agenda policy statements supporting federal appropriation for specific federal housing and community development programs. The current housing related policies can be found on page 5 of the agenda under the United States Department of Housing and Urban Development (HUD) section.

Supporting Information.

The city has supported appropriations for the various HUD housing and community development programs. The federal agenda has specific language requesting appropriations for the Community Development Block Grant, public housing, HOME and rental assistance programs. The first three bullets of the proposed policy restate current agenda positions.

The remaining bullets are either supporting existing law regarding the use of available revenue of Fannie Mae and Freddie Mac for low income housing or recommending Congress as it considers housing finance reform that it not only consider appropriations but also tax expenditure changes such as converting the housing mortgage deduction to a credit or modifying the maximum amount of interest that can be deducted.